



MEDIA RELEASE

MONTECITO MOTORS INVESTIGATION

Father and Son Arrested for Fraud and State Tax Evasion Charges

SANTA BARBARA, CA – 1/3/2012 – After a year and a half joint investigation between the Santa Barbara Police Department, the State of California Franchise Tax Board and the Santa Barbara County District Attorney's Office, the owner of Montecito Motors Inc. of Santa Barbara and his father were arrested this morning on 58 felony criminal charges including state tax evasion, grand theft, embezzlement, and financial elder abuse, according to the Santa Barbara Police Department and Franchise Tax Board (FTB).

Chester Adam Taylor, AKA Adam Taylor, 41, and Chester Lee Taylor, AKA Chet Taylor, 71, are accused of filing false personal income tax returns and failing to file corporate tax returns for 2004-2010, plus numerous other crimes.

According to the arrest warrant, the Taylors stole more than \$1 million from 26 separate victims. They concealed car sales and defrauded people who had consigned their cars for sale with Montecito Motors, Inc. Months, and sometimes years, would go by and the car owners would be told by Chet or Adam Taylor that the car had not sold when in reality the car had sold months (or years) earlier. The Taylors illegally obtained duplicate titles, forged signatures, and lied to car owners about selling their cars to conceal the sales and avoid paying the owners the money owed after the sale of their vehicles. They are also charged with theft from a private investor of more than \$290,000 for receiving a line of credit that was supposed to be secured by the titles of cars they owned, but was not. Many of the titles were either duplicate titles from cars they already sold, or titles of cars that were on consignment that they did not own.

According to investigators, it is alleged that the Taylors used Montecito Motors Inc. funds to pay their personal expenses such as home rental fees, mortgage payments, personal credit card payments, and personal cash withdrawals. The Taylors also neglected to report the income on their state income tax returns. All income is taxable including income from illegal sources.

Chet Taylor is charged with filing false personal income tax returns for 2005-2010 and failing to report more than \$400,000 from Montecito Motors, Inc.

Adam Taylor is charged with filing false tax returns and failing to file personal returns 2004-2010, and not reporting more than \$500,000 from Montecito Motors.

He is also charged with failing to file corporate tax returns from 2005-2009 and not reporting more than \$24.7 million in gross sales.

Bail has been set at \$1,000,000. The Taylors are scheduled to be arraigned on Thursday in Santa Barbara County Superior Court. Santa Barbara County Senior Deputy District Attorney Brian Cota is prosecuting the case. This was a joint investigation between the Santa Barbara Police Department, the Franchise Tax Board and the Santa Barbara County District Attorney's Office. Attached are the booking photos for Chester Adam Taylor and Chester Lee Taylor.

For further information regarding the case, or if you believe you or someone you know has also been a victim, please contact Senior Deputy District Attorney Brian Cota at 805.568.2300.



Chester Adam Taylor



Chester Lee Taylor

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